REMARKS

Claims 1-20 are pending in the application. Pursuant to 37 C.F.R. §§ 1.116(1) and (2) Applicant has made amendments to claims 1-20 to comply with requirements of form expressly set forth in the Office Action mailed on July 24, 2007 and to present the rejected claims in better form for consideration on appeal. Reconsideration is respectfully requested.

Information Disclosure Statement

The examiner stated that:[1]

> **The information disclosure statement filed 6/18/07 fails to comply with 37 CFR 1.98(a)(2), which requires a legible copy of each cited foreign patent document; each non-patent literature publication or that portion which caused it to be listed; and all other information or that portion which caused it to be listed. The foreign patent reference is missing and the PCT search report does not match. It has been placed in the application file, but the information referred to therein has not been considered.**

The examiner may remove the unrelated PCT search report from the application file. Applicant has enclosed a new Information Disclosure Statement. The references on this statement, whether taken separately or in combination with the art of record, neither describe nor suggest the features of Applicant's claims. Applicant has enclosed a copy of the foreign patent reference WO 01/72106 A2 as well as the correct copy of the PCT international search report . Both of the references listed on the PCT international search report were previously considered by the examiner by virtue of an initialed form 1449 received from the examiner along with the Office Action mailed January 18, 2007.

Provisional Obviousness-Type Double Patenting Rejections

The examiner provisionally rejected Claims 1-12 on the ground of non-statutory obviousness type double patenting as being unpatentable over claims 1-12, respectively of co-pending Application No. 10/001,900.[2]

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[1] Office action, mailed July 24, 2007, at p. 4.

Applicant will consider timely submission of a terminal disclaimer upon an indication of allowable subject matter.

Claim Objections

Applicant thanks the examiner for her thorough review of Applicant's claims.

The examiner objected to claims 18, 19 and 20 under 37 C.F.R. § 1.75(c) as being of improper dependent form for failing to further limit the subject matter of a previous claim.[3] The examiner appears to have intended to object to claims 17, 18, and 20.[4] Applicant has amended claim 17 to properly refer to claim 16 rather than 18. Claim 18 has been amended to properly refer to claim 17 rather than claim 19, and claim 20 has been amended to properly refer to claim 19 rather than 23. With these amendments, Applicant respectfully submits that the examiner's objections with respect to these claim have been overcome.

The examiner stated that "Claim 1 is objected to because of the following informalities: "the agent or market participant" and "the agent and participant" should be – the agent and the market participant[.]"[5] The first alleged informality is partly the correct intended wording of the claim ("delivery by either the agent or market participant") due to the use of "either ... or." Claim 1 has been otherwise amended to overcome the objection.

The examiner stated that: "Claims 3, 5 and 9 are objected to because of the following informalities: "cash amount" should be -- the cash amount --."[6] Accordingly, Applicant has amended claims 3 and 9. Applicant respectfully submits that adding "the" prior to "cash amount obligations" in claim 5 would present antecedent basis issues; therefore Applicant has not made the requested change to claim 5.

The examiner stated that: "Claims 5, 11 and 18 are objected to because of the following informalities: "prescribed amount of first country shares" should be -- prescribed number of

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[2] *Id.* at pp. 4-5, 19-20.
[3] *Id.* at pp. 5-6.
[4] *Id.* at pp. 5-6.
[5] *Id.* at p. 6.
[6] *Id.* at p. 6.

shares in the first fund --."[7] The examiner appears to have intended to object to claims 6, 11, and 18, and the language for claim 18 slightly differs from the examiner's directed language. Likewise, claim 15 includes similar language to that of claims 6, 11. Accordingly, Applicant has amended claims 6, 11, 15, and 18 in what it considers to be the spirit of the examiner's objection.

The examiner stated that: "Claims 7 and 12 are objected to because of the following informalities: "the product" should be -- the financial product --."[8] Applicant has amended claims 7 and 12 to recite a first fund, rather than a financial product, in order to create antecedent basis for the term "first fund" in claims 7 and 12 and certain claims depending therefrom. Accordingly, the examiner's objection is now moot.

The examiner objected to (1) claims 16 and 19 because "securities to account for cash" should be "securities to account for the cash"; (2) claims 17 and 20 because "first exchange-traded fund equate to second exchange-traded fund" should be "the first exchange[-] traded fund equate to the second exchange-traded fund"; and (3) claim 17 because "NAV" should be "net asset value."[9] Accordingly, Applicant has amended claims 16, 17, 19, 20.

Claim Rejections - 35 U.S.C. §112

The examiner rejected Claims 1-20 under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.[10] The examiner stated:[11]

> **Claim 1 is rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01. The omitted steps are: how is the financial product produced?**

Claim 1 as previously pending recites the features needed to distinguish over the cited art, namely, exchanging between a market participant and an agent a creation unit basket of securities for a first fund for a prescribed number of shares in the first fund, which has a basis

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[7] *Id.* at p. 6.
[8] *Id.* at p. 6.
[9] *Id.* at pp. 6-7.
[10] *Id.* at p. 7.
[11] *Id.* at p. 7.

that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund; ... .

Any other steps omitted are either conventional or not needed to define the subject matter of the invention. The feature of delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for a cash amount owed between the agent and the participant ..." is recited in the claim. The examiner has not furnished any prior art requiring Applicant to narrow the scope of this or any other feature of the claim.

Accordingly, previously pending claim 1 is complete.

Applicant has made several amendments to claim 1 to comply with requirements of form expressly set forth in the Office Action mailed on July 24, 2007 and to present the rejected claims in better form for consideration on appeal. The arguments made with respect to previously pending claim 1 apply with equal force to amended claim 1. Accordingly, amended claim 1 is complete.

The examiner also argued that:[12]

> **The term "substantially" in claims 1, 7 and 12 is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. How is "substantially the same basis" measured?**

The examiner considered Applicant's arguments, found them unpersuasive, and requested Applicant to:[13]

> **Define explicitly on the record the scope and degree of "substantially" and indicate exactly where in the specification support can be found and/or support for how one of ordinary skill in the art would interpret the term.**

Applicant respectfully maintains that the use of the term substantially in claims 1, 7 and 12 (as well as in claims 16 and 19) does not render these claims indefinite, since one skilled in the art would understand that the phrase "having a basis that is substantially the same basis"

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[12] *Id.* at pp. 7-8.
[13] *Id.* at pp. 20, 21.

merely offers the feature with a degree of tolerance, e.g., akin to "about." The term could be ascertained by one skilled in the art using guidance offered by applicant's specification. Indeed, for an exact arbitrage the creation units in the funds in general would need to be identical. One skilled in the art could depart from identical creation unit basis according to the degree that one would desire to depart from the exactness of arbitrage between the two funds.

The relationship of the creation units to one another is discussed in Applicant's specification, at, e.g., pg. 4, lines 3-10 and pg. 5, lines 3-20:

> **The first tracking fund 12, however, is designed to permit arbitrage of the first tracking fund 12 with respect to the second tracking fund 22 to be as seamless, convenient, and inexpensive, as possible. Arbitrage of the funds promotes maximum liquidity of both the first and the second tracking funds 12, 22. The first tracking fund 12 and the second tracking fund 22 are each based on creation units 15, 25 respectively. To make the first tracking fund 12 arbitragable with the second tracking fund 22, the first tracking fund 12 uses a creation unit 15 basis that is substantially the same as, and preferably essentially identical to, the creation unit 25 basis for the second tracking fund 22.**
>
> ...
>
> **The composition of the creation unit is based on the index 30 and can be adjusted for various reasons ... That composition can change if a stock is added to or deleted from the index 30 or if a share weight change occurs in the index, and so forth. The composition of the creation unit changes because at all times the agent is seeking to define the creation unit package in such a way that it reflects the index 30.**
>
> **The first fund 12 is set up so that, like the second fund 22, it also has one creation unit equal to 50,000 shares of the first fund 12. That is, the share amounts provided in exchange for the creation units 15 and 25 are respectively equal for first fund 12 and the second fund 22. Other arrangements are possible. All that is required is that there exists a known numerical relationship or ratio between the number of fund shares in a creation unit of the first tracking fund 12 and the number of fund shares in a creation unit of the second tracking fund 22. The identity of the stocks and the share quantities of the stocks in the first country 18 creation unit 15 equal those in the second country 28 creation unit 25. The first fund 12 thus also seeks to track the index 30. In setting up the first fund 12, the composition of its creation unit 15 is defined to rely upon the composition underlying the creation unit 25 for the second fund 22.**

Applicant submits that the specification provides sufficient guidance for one skilled in the art to ascertain the meaning of "having a basis that is substantially the same basis as" in Applicant's claims.

The examiner also stated the following:[14]

> **Claims 2, 8 and 13 recite the limitations "the net asset value of the first fund, calculated at the close of trading in the second country". There is insufficient antecedent basis for these limitations in the claims. Claims 17 and 20 recite the limitations "the net asset value at the close of trading of the second exchange-traded fund in the second country". There is insufficient antecedent basis for these limitations in the claims. Specifically, the second country and the net asset value, value do not have antecedent basis.**

Accordingly, Applicant has amended claims 1, 7, and 12 to properly recite a first country and a second country, and has amended claims 16 and 19 to properly recite a second country. These amendments resolve any antecedent basis issues regarding the term "second country" with claims such as 2, 8, 13, 17 and 20. Applicant has also amended claims 2, 8, 13, 17 and 20 to recite the term "a net asset value" rather than "the asset value."

The examiner also stated that:[15]

> **Claims 3, 4, 6, 9, 10, 11, 14 and 15 recites the limitations "second country fund", "second country fund shares", "first country shares" etc.. There is insufficient antecedent basis for these limitations in the claims. Is this the first fund, second fund, shares in the first fund, shares in the second fund etc.?**

Accordingly, claims 3, 4, 6, 9, 10, 11, 14, and 15 have been amended.

The examiner also stated that:[16]

> **Claims 7, 12 and 16 recites the limitation "the prescribed number of shares", . Claims 7, 12, 16 and 19 recite the limitations "the agent and the participant" and "the market participant and agent." There is insufficient antecedent basis for this limitation in the claim. Also consistent terminology must be used. Also "the" or "said" etc. should be used to refer to previously addressed parties.**

Claims 7, 12, 16 and 19, as well as various claim depending therefrom, have been amended.

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[14] *Id.* at p. 8.
[15] *Id.* at p. 8.
[16] *Id.* at p. 8.

Accordingly, in view of the above amendments and remarks claims 1-20 are proper under 35 U.S.C. 112, second paragraph.

Other Claim Amendments

The examiner also requested that Applicant address any similar informalities or deficiencies for all claims.[17] Accordingly, Applicant has made numerous and various amendments to a number of claims in the application. For example, Applicant has amended claims 13 and 14 to properly refer to the computer *system* of claim 12 and claim 15 to refer to the computer *system* of claim 14. Applicant has amended claim 2 to remove quotation marks around the term "cash amount." Applicant has amended claims 16 and 19 to properly recited "to satisfy" rather than "to satisfied." Applicant has amended claim 8 to recite "issue the" instead of "issue of the," and has added an "and" to the claim. No new matter has been added.

Claim Rejections - 35 U.S.C. §103

The examiner rejected claims 1-20 under 35 U.S.C. 103(a) as being unpatentable over Gastineau, US Pub. No. 2001/0025266 in view of "Exchange traded funds—the wave of the future?," by Stuart M. Strauss, The Investment Lawyer, Englewood Cliffs: Apr. 2000, Vol. 7, Iss. 4.[18]

The examiner stated:[19]

> **Re Claim 1: Gastineau discloses the method of producing a financial product that is traded on a first marketplace, comprising:**
> **exchanging between a market participant and an agent a creation unit basket of securities for the first fund traded for a prescribed number of shares in the first fund, which has a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than that of the first fund (Gastineau, [0001] [0002] [0003] [0004]).**
> **Gastineau fails to explicitly disclose a method comprising:**
> **delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for any "cash amount" that may be owed between the agent and the participant as a result of the exchange of the creation unit basket of securities for the shares in the first fund.**
> **Strauss discloses the method comprising:**

[17] *Id.* at pp. 7, 8.
[18] *Id.* at p. 9.
[19] *Id.* at pp. 9-10.

delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for any "cash amount" that may be owed between the agent and the participant as a result of the exchange of the creation unit basket of securities for the shares in the first fund (Strauss, pgs. 1-3).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide a method further comprising delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for any "cash amount" that may be owed between the agent and the participant as a result of the exchange of the creation unit basket of securities for the shares in the first fund.

Claim 1 is neither described nor suggested by any combination of Gastineau and Strauss, since no combination of these references suggests exchanging ... a creation unit basket of securities for a first fund ..., having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a second country and delivering by either the agent or the market participant a number of shares in the second fund or in other securities to account for a cash amount owed .... .

The examiner uses Gastineau to teach the feature of exchanging. However, Gastineau does not teach the exchanging ... a creation unit basket of securities for a first fund ..., having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a second country. Rather, in the passages cited by the examiner, Gastineau describes a SPDR, a depository trading receipt based on the S&P 500 stock index. However, nowhere in those passages or elsewhere in Gastineau is there described both the first fund traded in the first country and the second fund traded in the second country.

Gastineau describes a technique to produce a hedge basket of securities when trading actively managed funds. However, the hedge basket does not possess the features of trading in a second, different country than the actively managed first fund nor having a creation unit basket of securities for the first fund that has a basis that is the same or substantially the same as a creation unit basis for the second fund.

The examiner uses Strauss to teach delivering. However, Strauss neither describes nor suggests the feature of "delivering by either the agent or the market participant a number of shares in the second fund or in other securities to account for a cash amount owed ... ."

Rather, Strauss describes the conventional approach in which cash is delivered to account for dividends etc. For instance, Strauss describes on page 2,

> **A small cash payment (Cash Component) generally must also be made. The list of the names and number of shares of the Deposit Securities on a particular trading day is made available daily to market participants prior to the opening of trading by the trustee (in the case of a UIT), or investment advisor or custodian (in the case of a managed fund), typically through the facilities of the National Securities Clearing Corporation (NSCC).[6] The Cash Component is an amount equal to the Dividend Equivalent Payment (as defined below) plus or minus a balancing amount intended to insure that (consistent with Rule 22c-1 under the Investment Company Act of 1940) shares are purchased at NAV next calculated following receipt of the purchase order in proper form.[7] The Dividend Equivalent Payment is an amount intended to enable an ETF to make a distribution of dividends on the next payment date as if all of the ETF's portfolio securities had been held for the entire dividend period. (Footnotes omitted).**

Strauss neither describes nor suggests the first and the second funds traded in different first and second countries, nor does Strauss describe "delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for a cash amount owed ... ."

While Applicant notes that Strauss does describe delivering a prescribed number of shares in exchange for the creation unit basket of securities, this again is akin to the conventional teachings of Gastineau regarding, e.g., the SPDR's and thus does not cure the deficiencies in Gastineau. Nonetheless, Strauss also clearly describes on page 3 that cash is exchanged along with the shares exchanged for the creation unit basket of securities.

> **Redemption proceeds include the Fund Securities plus cash in an amount equal to the difference between the NAV of the Shares being redeemed and the value of the Fund Securities.[10] If the value, however, of the Fund Securities is greater than the NAV of the Shares, a cash payment equal to the differential must be paid to the ETF. (Footnotes omitted).**

Strauss does not describe or suggest "delivering by either the agent or the market participant a number of shares in the second fund or in other securities to account for a cash amount owed ..." and no combination of these references describes or suggests this feature.

The examiner continued by stating the following:[20]

> 103
> The claimed invention would have been obvious to one of ordinary skill in the art. The concept of exchange-traded funds was old and well-known at the time the invention was made. See citation supra for Gastineau.
> The concept of in-kind purchase and redemption with respect to exchange-traded funds was old and well-known at the time the invention was made. In exchange for a given creation unit for a fund, a number of shares plus/minus a cash component could be exchanged, such that the values exchanged are equal. Furthermore, it was old and well-known that this purchase and redemption occurred at net asset value. See citation supra for Strauss.
> As suggested by Strauss allowing for purchase and redemption at net asset value helps to close any gap that may exist between the market price of the shares and the net asset value, which can be closed through arbitrage.
> Applicant argues, that it is non-obvious that when the creation unit basis between the first fund and the second fund are the same (or nearly the same) and when the net asset value is taken at the same time, that shares in the second fund could also be used. It is noted that this is also obvious in light of the teachings of Gastineau and Strauss. This is also a type of in-kind exchange that old and well-known in fields related to bartering, trading and exchanges. The idea that something (i.e., usually other than money) that is an equivalent or near equivalent (i.e., in value, use etc.) can be given as an alternative or replacement for something else.

The examiner argues that, in in-kind exchanges, "something (i.e., usually other than money) that is an equivalent or near equivalent or near equivalent (i.e., in value, use etc.) can be given as an alternative or replacement for something else." Thus, the examiner appears to argue that it would have been obvious in view of Gastineau and/or Strauss to use shares in the second fund, or in other securities, in lieu of cash.

This argument is merely a conclusion not a reason based on improper hindsight. Gastineau and Strauss, together or separately, simply do not describe or suggest the features of the claims. For example, Gastineau does not describe or suggest both the first fund and the second fund that is traded on a second marketplace in a second country. Strauss neither describes nor suggests the first and the second funds traded in different first and second countries, nor does Strauss describe "delivering by either the agent or market participant a number of shares in the second fund or in other securities to account for a cash amount owed ... ." There is nothing in Gastineau or Strauss to which the examiner can point that would suggest

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[20] *Id.* at pp. 20-21.

to one of ordinary skill in the art to deliver a number of shares in the second fund or in other securities to account for a cash amount owed. The prior art furnished by the examiner discloses just one fund in one country, so issues such as making shares in a first fund arbitragable with shares in a second fund in a second, different country are simply beyond the scope of what Gastineau, alone or in combination with Strauss, *could* suggest to one skilled in the art.

Claim 7 is allowable over Gastineau taken separately or in combination with Strauss for analogous reasons as those given in claim 1, namely that no combination of these references suggests a computer program product residing on a computer readable medium for administrating a first fund that is traded on a first marketplace in a first country, the first fund based on a creation unit basket of securities having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a second country, the computer program product comprising instructions ... to: determine a number of shares in the second fund or in other securities to account for a cash amount owed between an agent and a market participant ... .

In addition, the examiner argues that:[21]

> **Intended Use: The claim makes several intended use statements which do not carry patentable weight (i.e., "a computer program product for"; "instructions for"). What follows the statement of intended use (i.e., "for") does not carry patentable weight. The claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.**

Applicant previously amended claim 7 to recite a computer program product residing on a computer readable medium. Applicant again directs the examiner's attention to *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994) and the Federal Circuit's dismissal of an appeal in *In re Beauregard*, 53 F.3d 1583, 35 U.S.P.Q.2d 1383 (Fed Cir. 1995), in lieu of the Patent Office's adoption of guidelines to examination of computer related inventions, clearly sanctioning the use of so called Beauregard claims.

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[21] *Id.* at pp. 11-12.

Instructions to ... "determine a number of shares in the second fund or in other securities to account for a cash amount owed between an agent and a market participant ..." is not a statement of intended use, but rather recites a structural limitation on the computer readable medium that distinguishes that computer readable medium from other computer readable mediums. *Lowry*, 32 F.3d at 1583.

Accordingly the examiner must give patentable weight to all of the features recited in the claims, and therefore no combination of Gastineau with Strauss suggests the claimed computer program product residing on the computer readable medium... since neither reference teaches the features in the claim.

The examiner also argues that:[22]

> **Automation**
> **It is not 'invention' to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result. In re Venner, 120 USPQ 192 (CCPA 1958) In re Rundell, 9 USPQ 220**

The examiner appears to be confusing Applicant's claims with a situation in which the "manual activity" in question was performed in the prior art. The features of Applicant's claims, such as, for example, those in recited in claim 1 of exchanging ... a creation unit basket of securities for a first fund ..., having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a second country and delivering by either the agent or the market participant a number of shares in the second fund or in other securities to account for a cash amount owed ... , are neither described nor suggested by the prior art, Gastineau and Strauss. Thus, Applicant is not attempting to rely on "a mechanical or automatic means" to overcome a previously known or suggested manual method. Applicant previously amended claim 7 to recite a computer program product residing on the computer readable medium .... As noted, claim 7 is not allowable solely because of the computer program product residing on a computer readable medium..., rather, claim 7 is allowable because neither

[22] *Id.* at p. 20.

Gastineau nor Strauss teaches the instructions of claim 7, which are structural limits on the computer readable medium.

Claim 12 is allowable over Gastineau and Strauss for analogous reasons given in claim 7.

Claims 2, 8 and 13 are allowable over Gastineau in view of Strauss for the reasons discussed in their base claims.

Claims 3 and 9

Claim 3, for example, is allowable over the combination of references since no combination of those references describes or suggests "if the cash amount is a negative amount the agent issues shares in the second fund or provides shares in the other securities in lieu of the cash amount, and if the cash amount is a positive amount the agent accepts shares in the second fund or in other securities in lieu of the cash amount."

Claims 4, 10 and 14

Claim 4, for example, is allowable since no combination of the references suggests that the cash is exchanged to equate shares in the first fund with the creation unit basket plus or minus the shares in the second fund or in the other securities provided to cover the cash amount.

Claims 5, 6, 11 and 15

These claims are distinguished over Gastineau in view of Strauss since no combination suggests, for example, that the agent sets a maximum cash amount that it will give to or receive from the market participant (claim 5) or that transactions that exceed the maximum cash amount will result in issuance or receipt of the shares in the second fund or in the other securities, rather than cash ... (claim 6).

There is no other option for the agent or the market participant but to exchange cash in the process of creation of SPDRs as disclosed by Strauss or the combined teachings of Gastineau and Strauss.

Claim 16

The examiner stated:[23]

> **Re Claim 16: Gastineau discloses a computer program product residing on a computer readable medium, for administering a first exchange-traded fund, the computer program product comprising instructions for causing a processor to:**
>
> **record creation of the first exchange-traded fund, the first exchange-traded fund having a prescribed number of shares for trading in a first country, the first exchange-traded fund produced by delivery to an agent, in exchange for the prescribed number of shares of a creation unit basket of securities having a basis that is substantially the same basis as a creation unit basis for a second exchange-traded fund that has shares traded on a second marketplace in a different country (Gastineau, [0001] [0002] [0003] [0004]);**
>
> **Gastineau fails to explicitly disclose:**
>
> **determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash; and**
>
> **record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash.**
>
> **Strauss discloses"**
>
> **determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash; and**
>
> **record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash.**
>
> **Strauss discloses:**
>
> **determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash (Strauss, pgs. 1-3); and**
>
> **record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash (Strauss, pgs. 1-3).**
>
> **It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gastineau by adopting the teachings of Strauss to provide: determine a number of shares in the second exchange-traded fund or other securities to satisfy an amount of cash that is owed between the agent and the participant to allow for delivery of the shares in the second exchange-traded fund or other securities in lieu of cash; and**
>
> **record the prescribed number of shares in the first exchange-traded fund and the number of shares in the second exchange-traded fund or other securities to account for the cash.**
>
> **As suggested by Strauss one would have been motivated to ensure that shares are purchased at NAV.**

Claim 16 is allowable over Gastineau taken separately or in combination with Strauss for analogous reasons as those given in claims 1 and 7, namely that no combination of these

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[23] *Id.* at pp. 15-17.

references suggests a computer program product residing on a computer readable medium for administrating a first exchange-traded fund, the computer program product comprising instructions ... to: ... the first exchange-traded fund produced by delivery from a market participant to an agent, in exchange for the prescribed number of shares in the first exchange-traded fund, of a creation unit basket of securities for the first exchange-traded fund having a basis that is substantially the same basis as a creation unit basis for a second exchange-trade fund that has shares traded on a second marketplace in a second country; determine a number of shares in the second exchange-traded fund or in other securities to satisfy an amount of cash that is owed between the agent and the market participant to allow for delivery of the shares in the second exchange-trade fund or in the other securities in lieu of the cash; ... .

Claims 17, 19, and 20

Claim 19 is allowable over Gastineau and Strauss for analogous reasons given in claim 16.

Claims 17 and 20 are allowable over Gastineau in view of Strauss for the reasons discussed in their base claims (16 and 19).

Claim 18

This claim is distinguished over Gastineau in view of Strauss since no combination suggests, for example, a computer program product residing on a computer readable medium, for administrating a first exchange-traded fund, the computer program product comprising instructions ... to: calculate whether cash involved in transactions exceeds a maximum amount; and issue the second exchange-traded fund shares along with the prescribed number of shares in the first exchange-trade fund in lieu of the cash.

There is no other option for the agent or the market participant but to exchange cash in the process of creation of SPDR's as disclosed by Strauss or the combined teachings of Gastineau and Strauss.

The prior art made of record and not relied upon neither describes nor suggests Applicant's invention whether taken separately or in combination with the art of record.

Please charge the Petition for Extension of Time fee of **$120** and please apply any other charges or credits to deposit account 06-1050.

Respectfully submitted,

Date: 10/31/07

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